

## PROJECT ABSTRACT

**Country:**

Regional

**Investee:**

The Caribbean Investment Fund, L.P.

**Project Description:**

The project represents an opportunity for the MIF to invest in a small business investment fund (SBIF – CIF) created within a larger, private equity fund, the Caribbean Investment Fund L.P. ("the Fund") being organized by the Investment Company of the West Indies Group Limited ("ICWI" or the "Group"). The of the overall Fund is to promote equity and equity-related investments in private companies located in the member nations of the Caribbean Community and Common Market States ("CARICOM"). The SBIF-CIF facility will invest only in MIF eligible small businesses within the CARICOM.

The Fund has a target capitalization of US\$150 million, of which up to US\$20 million would be invested in the SBIF-CIF portion, targeting small investments of between US\$250,000 and US\$2million per company.

**MIF Investment:**

The MIF is seeking authorization to invest a minimum of US \$5 million or up to 10% of the total Fund capitalization but no more than US \$10million. This amount would be exclusively allocated to this small capital program.

The MIF will not participate in the larger investments and its returns will be determined with reference to the SBIF-CIF portfolio only. The Fund will maintain separate accounting for this portion.

**Financing  
SBIF-CIF:**

MIF SEIF Facility III-B	\$5,000,000 up to \$10,000,000
Other investors	\$5,000,000 up to \$10,000,000

**Management:**

The Fund is sponsored by ICWI, a regional financial services conglomerate, and the General Partner of the Fund is Caribbean Basin Investment Fund Limited (or "CBIF") which is presently 100% owned by ICWI. The Investment Manager, Caribbean Equity Partner Limited, is composed of a selected group of professionals with experience in structured investments and with a strong regional orientation. ICWI will transfer up to 70% of CBIF shares to the Investment Manager depending on the capital size of the Fund. The ICWI group will provide capital and an effective regional network

consisting of ICWI offices in eight countries in the Caribbean area and a team of professionals with experience in portfolio management, who will assist the Investment Manager to source, monitor, and exit investments.

**IIC Equity Investment:** IIC proposes to participate in the overall Fund with an initial investment of US\$5,000,000 for the first closing of US\$25 million and no more than 10% of the total aggregate commitments afterwards up to a maximum of US\$7,500,000 if the Fund reaches US\$75 million. The IIC will participate in all the investments in the Fund.

**Projected Rate of Return:** The SBIF-CIF target returns to investors after expenses are projected to be about 20% per annum.

**MIF Role:** The MIF's involvement in the operation has ensured that a certain portion of the entire Fund will be dedicated to small businesses with less than US \$3million in sales and less than 100 employees. Investments will be in the range of \$250,000 to \$2million, significantly below the targeted average of \$10million per investment in the medium sized investments of the Fund.

This involvement by MIF in the creation of a sub-fund within a larger fund is a relatively new model which addresses the two core challenges of creating investment vehicles for small business – fund raising and fund management. This model diversifies and reduces risk for institutional investors while using the installed capacity of a sophisticated fund management group that can cover its overheads through its activities in the larger investments, while still providing dedicated managers to the small business activity.

It also creates a fund vehicle for the region that can meet the needs of a wide range of businesses, small medium and large, an important requirement for a small region like the Caribbean.

MIF and IIC's participation in this fund will complement efforts to implement the "Market Harmonization Project", funded in part by the MIF, which aims to link electronically the stock exchanges of Jamaica, Barbados and Trinidad & Tobago. One of the exit strategies is initial public offerings for fund investments in the local or regional stock exchanges.